



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: February 23, 2005 REPORT NO. 05-048

ATTENTION: Honorable Mayor and City Council
Docket of February 28, 2005

SUBJECT: San Diego Fire/Rescue Helicopter Procurement

SUMMARY

Issue –

1. Should the City Council authorize the City Manager to award a contract to Eagle Copters to provide one refurbished Bell 212HP fire/rescue helicopter?
2. Should the City Council authorize the City Manager to finance one Bell 212HP fire/rescue helicopter under the Equipment and Vehicle Financing Program over a period of seven years or cash funding with the intent to reimburse when financing is available?
3. Should the City declare its intent to use proceeds of indebtedness to reimburse itself for the purchase of a fire/rescue helicopter?

Manager's Recommendations –

1. Authorize the City Manager to award a contract to Eagle Copters to provide one refurbished Bell 212HP fire/rescue helicopter.
2. Authorize the City Manager to finance one Bell 212HP fire/rescue helicopter under the Equipment and Vehicle Financing Program over a period of seven years or cash funding with the intent to reimburse when financing is available.
3. Declare the City's intent to use proceeds of indebtedness to reimburse itself for the purchase of a fire/rescue helicopter.

Fiscal Impact –

Eagle Copters has quoted a cost of \$3.99 million for the refurbishment and delivery of one Bell 212HP helicopter, with delivery expected in June 2005. The cost of the refurbishment and delivery are expected to be financed over a seven-year term via the Equipment and Vehicle Financing Program, or cash funded with

the intent to be reimbursed when financing is available. A sales tax payment (at 7.75%) of \$310,000 will be due thirty days after acceptance of the helicopter. The lease-purchase payments will commence six months after execution of the Master Lease Agreement of the Equipment and Vehicle Financing Program. Financing the acquisition will result in a cost in FY 2006 of up to \$330,500. Sales tax and lease purchase payments are contingent upon approval of the FY 2006-2013 budgets. The total cost of the program, including personnel, direct operating costs, contractual services, etc. for FY 2006 is projected to be \$2.8 million. The program cost for FY 2007 is projected to be \$2.55 million.

The City currently leases a helicopter from Kachina Helijet that includes pilots and maintenance. The Fire-Rescue Department (SDFD) provides program management and staffs the helicopter 12 hours per day with a crew chief and flight medic. The County shares the cost of the program manager and will continue to do so for the remainder of FY 2005. The crew chief and flight medic positions are currently staffed on an over budget basis. For the program to transition from a leased to a City owned helicopter it will be necessary to hire three fire helicopter pilots for the final month of FY 2005 at a cost of \$32,412.

The Fire-Rescue Department will continue to pursue corporate and private donations, sponsorships and grants to defray a portion of the operating expenses and enhance program capabilities. For FY 2005, the combination of grants and corporate sponsorships has generated approximately \$800,000. The Fire-Rescue Department estimates that up to \$600,000 in a combination of grants and donations from three principle donors will be available in FY 2006 to reimburse the General Fund.

BACKGROUND

Following the devastating wildfires in October 2003, the City and County of San Diego retained the nationally recognized and respected aviation consulting firm of Conklin & de Decker to conduct a comprehensive study of an aircraft program that would best meet the region's needs. This study was produced in two phases. Completed in January 2004, Phase I recommended that San Diego County acquire and operate at least three medium class helicopters to meet the region's multi-mission requirements. Of the medium class helicopters identified as options in the study, a new or refurbished, twin-engine, FAA standard category certificated helicopter such as Copter 1 was recommended.

The San Diego Fire-Rescue Department (SDFD) has spent considerable effort researching the most cost effective approaches to procuring and operating fire/rescue helicopters. Specifically, three procurement options have been explored: one new Bell 412EP, one refurbished Bell 212HP, and two refurbished Bell 212HPs. Based upon the analysis highlighted below, SDFD has determined that the procurement of one refurbished Bell 212HP with an option to purchase a second helicopter is the most cost efficient option available to the City.

DISCUSSION

In order to meet the region's goal of acquiring at least three, permanent multi-mission helicopters in San Diego, the City Council approved the issuance of a Request for Proposal (RFP) in August 2004, for the lease-purchase of one fire/rescue helicopter with an option to acquire a second. RFP No. 7667-05-Q was issued in September 2004. Eagle Copters of Calgary Alberta, Canada and ACRO HELIPRO Global Services of Langley British Columbia, Canada were the two vendors who responded to the RFP. After a thorough technical evaluation and discussions with each vendor, Eagle Copters was selected for further negotiations.

Eagle Copters is an authorized Bell Helicopter service and overhaul facility which has been in business for over twenty years and leases and maintains a fleet of over fifty Bell medium helicopters. The helicopter being offered for sale by Eagle has been completely refurbished and upgraded. All of the time limited components, such as the engines, transmission, rotor blades, gear boxes, etc. are either new or overhauled to original equipment manufacturer's specifications. The majority of these major components have a service life of between four and five thousand flight hours before they must be replaced. Unscheduled maintenance events are inevitable and unpredictable with all helicopters, but given that the SDFD projects the helicopter will average five hundred flight hours per year, the City should enjoy many years of dependable service from this aircraft.

This helicopter is an ideal candidate for the mission proposed for it in San Diego; it costs less than half the price of a comparable new helicopter, and can also be operated for considerably less per flight hour than a new one. The helicopter will have the same equipment and capabilities that are currently available in Copter 1, such as a fixed tank for dropping water on fires, a rescue hoist, advanced life support equipment, and night vision capabilities.

Delivery is expected between June 1 and June 15 and is intended to coincide with the termination of the lease with Kachina Helijet on June 30. This overlap period will allow the required time necessary to familiarize pilots and crew with the new aircraft and provide for a seamless transition from a leased helicopter to a City owned and operated helicopter.

The Helicopter Program will continue to build on its regionally based training and staffing partnerships with all San Diego County fire and law enforcement agencies. Once delivered and accepted, the helicopter will be dedicated primarily for use within the City. However, the helicopter will continue to respond to emergency requests for assistance throughout the region at no cost to agencies that are parties to the San Diego County Fire Mutual Aid Agreement as reflected in the Memorandum of Understanding between the City and the Service Authority for Freeway Emergencies (SAFE). SAFE has dedicated \$250,000 to the program for FY 2005. The helicopter will also respond to requests for emergency response assistance by a non-member of the San Diego County Mutual Aid Agreement subject to the helicopter's availability. The City shall bill all costs incurred in providing such emergency response assistance directly to the non-member agency which made the request. San Diego County law enforcement agencies will not be billed for costs for providing emergency response assistance by this helicopter.

The detailed costs of the program in terms of personnel and non personnel expenses are outlined in the tables below.

	Fiscal Year 2005 (1)		Fiscal Year 2006		Fiscal Year 2007	
Personnel Expenses	Positions	Total	Positions	Total	Positions	Total
Position Description						
Program Manager (Fire Battalion Chief)	0.55	\$ 88,845	1.00	\$ 162,952	1.00	\$ 162,952
Crew Chief (Fire Captain)	2.00	\$ 270,104	2.00	\$ 272,520	2.00	\$ 272,520
Fire Helicopter Pilot (Fire Captain)	0.24	\$ 32,412	3.00	\$ 408,780	3.00	\$ 408,780
Rescue/Flight Paramedic (Firefighter II/Paramedic)	2.00	\$ 218,904	2.00	\$ 220,666	2.00	\$ 220,666
Helicopter Mechanic	0.00	\$ -	0.50	\$ 57,663	2.00	\$ 230,652
Total Personnel Expenses	4.79	\$ 610,265	8.50	\$ 1,122,581	10.00	\$ 1,295,570
(1) 12-hr Contract with Pilots hired June 1, 2005						
Personnel Estimates based on Fiscal Year 2005 rates (FY06-07 EMT increased to 8.5%)						

	Fiscal Year 2005		Fiscal Year 2006		Fiscal Year 2007	
Non Personnel Expenses		Total		Total		Total
Contractual Services		\$ 2,697,119		\$ 210,099		\$ 28,750
Safety Equipment		\$ 13,500		\$ 6,500		\$ 6,500
Direct Operating Costs		\$ -		\$ 495,590		\$ 495,590
Travel and Training		\$ 5,000		\$ 19,000		\$ 47,700
Supplies and Services		\$ -		\$ 62,260		\$ 13,820
Outlay		\$ 33,820		\$ 240,000		\$ -
Sales Tax/Lease Purchase Payment		\$ -		\$ 640,500		\$ 661,000
Total Non-Personnel Expenses		\$ 2,749,439		\$ 1,673,949		\$ 1,434,709
Total Program Cost	4.79	\$ 3,359,704		\$ 2,796,530	10.00	\$ 2,548,943

Respectfully submitted,

Jeff Bowman
Fire Chief

P. Lamont Ewell
City Manager

BOWMAN/BF

Attachments:

Equipment and Vehicle Financing Program Estimate Seven-Year Term